SECTORWATCH:
Artificial Intelligence
March 2018

7 MILE ADVISORS

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Artificial Intelligence

March 2018

- **Sector Dashboard**
- **Public Basket Performance**
- Operational Metrics
- **Valuation Comparison**
- **Recent Deals**
- **Appendix**

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OVERVIEW



Dashboard

summary metrics on the sector, with commentary on market momentum by comparing the most recent 12month performance against the last 3-year averages



Public Basket Performance

summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

a more graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

the most recently announced sector deals

About Us

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.

We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

Sectorwatch

We publish sectorwatch, a review of M&A and operational trends in the industries we focus.

Let us know if we can help

Contact us if there are ways we can assist your M&A or financing strategy.



DASHBOARD

Revenue Growth Momentum

13.9%

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

Pricing / Gross Margin Momentum

-1.9%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin is less than the average of the last 3 years gross profit margins, indicating customer pricing power

Profitability Momentum



1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin is less than the average of the last 3 years EBITDA margins, which may signal further consolidation

PUBLIC BASKET CONSTITUENTS

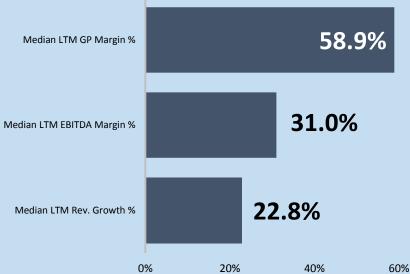
NYSE:CRM NYSE:IBM NasdaqGS:FB

NasdaqGS:AMZN

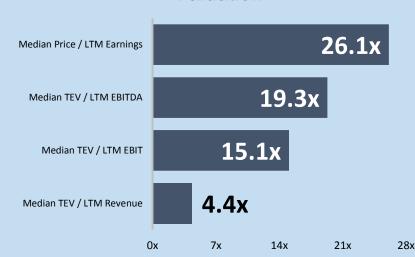
NasdagGS:INTC

SE:IBM NasdaqGS:GOOGL NasdaqGS:AAPL

Operating Metrics



Valuation





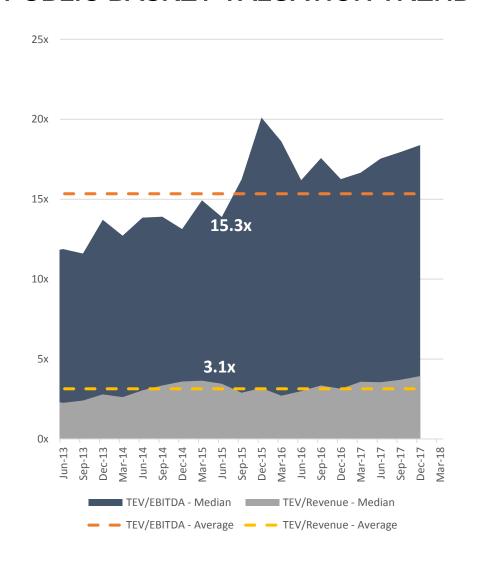
PUBLIC BASKET PERFORMANCE

Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev	TEV / EBITDA X	# FTEs	Rev / FTE \$k
o company		4		<u> </u>		,,			—
salesforce.com, inc.	90,125	10,480	25%	74%	9%	8.6	100.5	29,000	361
International Business Machines Corporation	182,033	79,139	-1%	46%	21%	2.3	11.0	366,600	216
Intel Corporation	252,287	62,761	6%	62%	42%	4.0	9.5	102,700	611
Facebook, Inc.	495,976	40,653	47%	87%	57%	12.2	21.4	25,105	1,619
Alphabet Inc.	691,316	110,855	23%	59%	32%	6.2	19.3	80,110	1,384
Amazon.com, Inc.	774,023	177,866	31%	37%	8%	4.4	51.5	566,000	314
Apple Inc.	948,523	239,176	10%	38%	31%	4.0	12.8	123,000	1,945
Average	490,612	102,990	20%	58%	29%	6.0	32.3	184,645	921
Median	495,976	79,139	23%	59%	31%	4.4	19.3	102,700	611

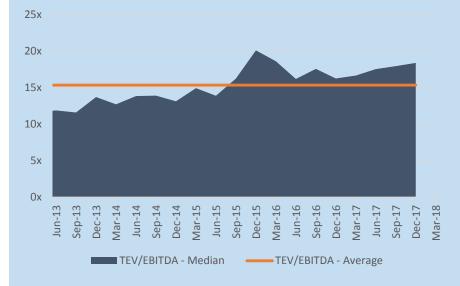
share price as of 19Mar18



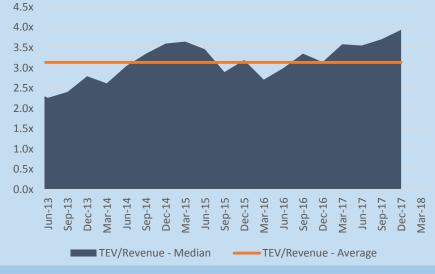
PUBLIC BASKET VALUATION TRENDS



Public EBITDA Multiples Over Time

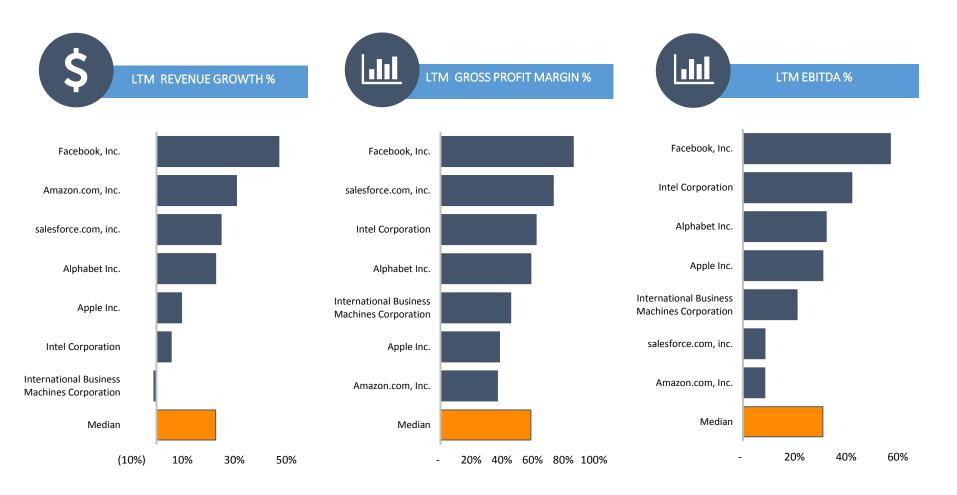


Public Revenue Multiples Over Time



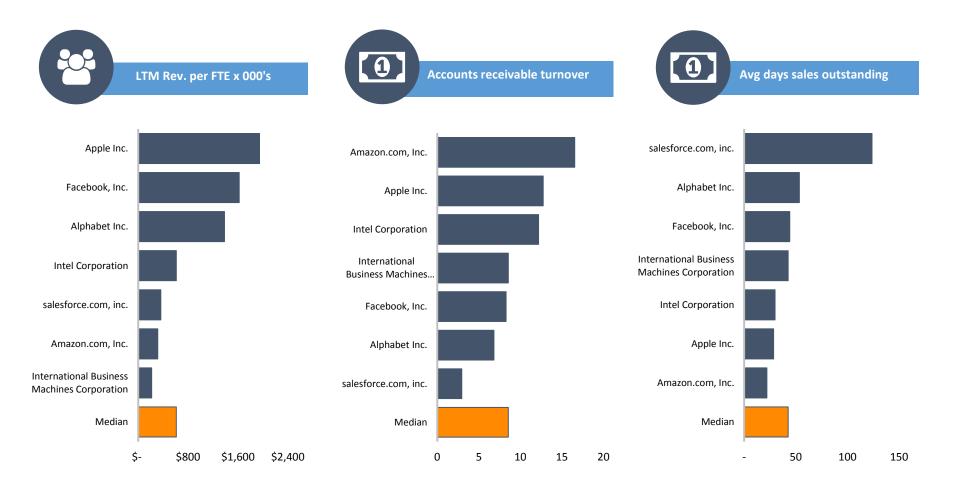


OPERATIONAL METRICS



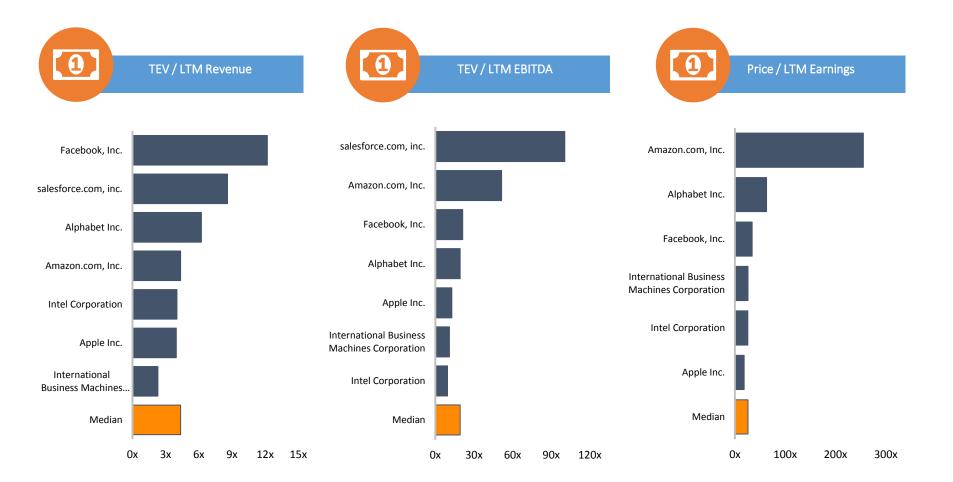


OPERATIONAL METRICS





VALUATION

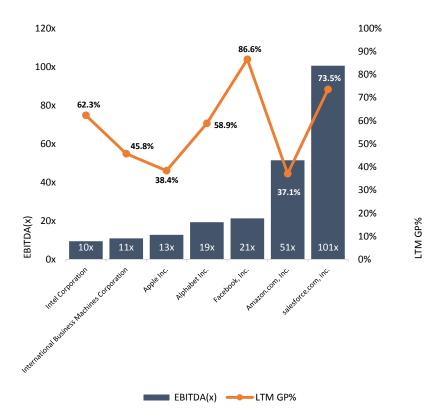




VALUATION

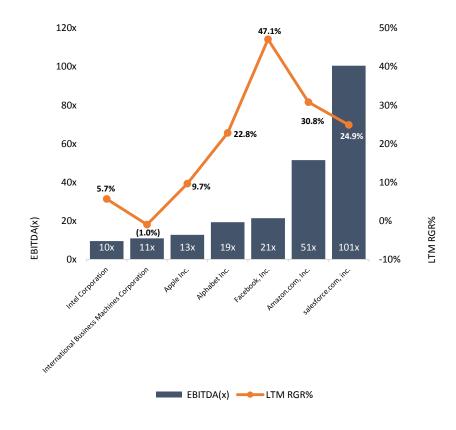


Historical Valuation Multiples versus Gross Profit





Historical Valuation Multiples versus Revenue Growth Rate





RECENT TRANSACTIONS

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
30Jan18	Intelligens Ltda.	Conversica, Inc.	_	-	-	-
5Jan18	Niddel Corp.	Verizon Communications Inc.	-	-	-	-
28Nov17	Fluenty Inc.	Samsung Electronics Co., Ltd.	-	-	-	-
27Oct17	Princeton Lightwave, Inc.	Argo AI, LLC	-	-	-	-
16Aug17	Scyfer B.V.	Qualcomm Technologies, Inc.	-	-	-	-
8Jul17	Game Sparks Ltd	Amazon.com, Inc.	-	-	-	-
4Jul17	KITT.AI	Baidu, Inc.	-	-	-	-
11May17	MindMeld, Inc.	Cisco Systems, Inc.	125.00	-	-	-
13Apr17	Skytree, Inc.	Infosys Limited	-	-	-	-
14Mar17	Meerchant Inc.	ShopKeep.com Inc.	-	-	-	-
12Mar17	Mobileye N.V.	Intel Corporation	15,426.38	358.16	42.0x	108.1x
15Feb17	Do, Inc.	Amazon Web Services, Inc.	-	-	-	-
20Feb17	RealFace	Apple Inc.	-	-	-	_
23Jan17	Meta	Chan Zuckerberg Initiative	-	-	-	-
18Jan17	Intelligentsia.ai	Quartz Media LLC	-	-	-	-
13Jan17	Maluuba Inc	Microsoft Corporation	-	-	-	-
5Dec16	Geometric Intelligence Inc.	Uber Technologies, Inc.	-	-	-	-
6Oct16	Viv Labs, Inc.	Samsung Electronics Co., Ltd.	211.55	-	-	-
31May16	Tuplejump Software Private Limited	Apple Inc.	-	-	-	-
9Aug16	Nervana Systems	Intel Corporation	-	-	-	-
5Aug16	Turi Inc.	Apple Inc.	200.00	-	-	-
11Jul16	SalesPredict Ltd.	eBay Inc.	40.00	-	-	-
22Apr16	ReD Associates U.S., Inc.	Cognizant Technology Solutions Corporation	-	-	-	-
11Apr16	OpenSpan, Inc.	Pegasystems Inc.	52.30	-	-	-
4Apr16	MetaMind Inc.	salesforce.com, inc.	48.00	-	-	-
19Feb16	TappingStone Inc.	salesforce.com, inc.	-		-	
11Jan16	Nexidia Inc.	NICE Systems Ltd. (nka:NICE Ltd.)	135.00	-	-	-
7Jan16	Emotient, Inc.	Apple Inc.	-	-	-	-



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Appendix: Public Basket Constituents



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salesforce.com, inc.

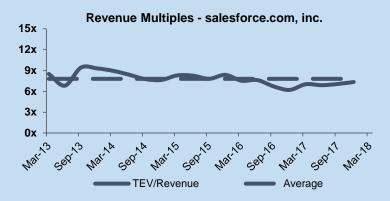
salesforce.com, inc. develops enterprise cloud computing solutions with a focus on customer relationship management. The company offers Sales Cloud to store data, monitor leads and progress, forecast opportunities, and gain insights through analytics and relationship intelligence, as well as deliver quotes, contracts, and invoices. It also provides Service Cloud, which enables companies to deliver personalized customer service and support, as well as a field service solution that enables companies to connect agents, dispatchers, and mobile employees through a centralized platform, on which they can schedule and dispatch work, and track and manage jobs in real-time. In addition, the company offers Marketing Cloud to plan, personalize, and optimize one-to-one customer marketing interactions; Commerce Cloud, which enables companies to enhance engagement, conversion. revenue, and lovalty from their customers; and Community Cloud that enables companies to create and manage branded digital destinations for customers, partners, and employees. Further, it provides Quip collaboration platform, which combines documents, spreadsheets. apps, and chat with live CRM data; Salesforce Platform for building enterprise apps, as well as artificial intelligence (AI), no-code, low-code, and code development and integration services, including Trailhead. Einstein Al, Lightning, Internet of Things, Heroku, Analytics, and AppExchange; and various solutions for financial services, healthcare, and government. Additionally, the company offers professional cloud services, such as consulting and implementation services; training services, including instructor-led and online courses; and support and adoption programs. It provides its services through direct sales; and through consulting firms, systems integrators, and other partners. The company was founded in 1999 and is headquartered in San Francisco. California.

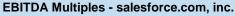
Date

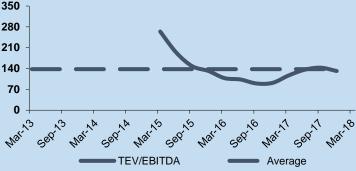
Key Development Headline

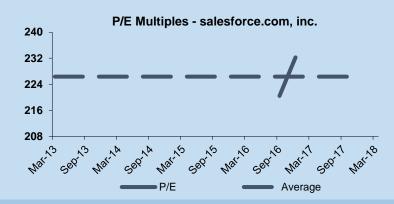
3/5/18 Salesforce.com Mulls Acquisitions







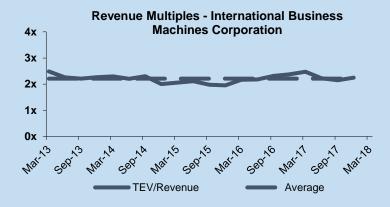


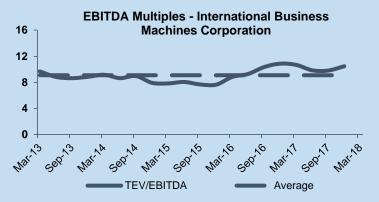


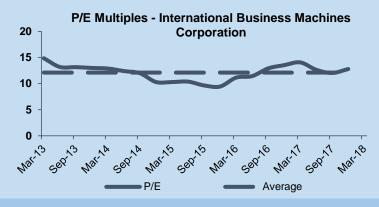
International Business Machines Corporation

International Business Machines Corporation operates as an integrated technology and services company worldwide. Its Cognitive Solutions segment offers Watson, a cognitive computing platform that interacts in natural language, processes big data, and learns from interactions with people and computers. This segment also offers data and analytics solutions, including analytics and data management platforms, cloud data services, enterprise social software, talent management solutions, and solutions tailored by industry; and transaction processing software that runs mission-critical systems in banking, airlines, and retail industries. The company's Global Business Services segment offers business consulting services; delivers system integration, application management, maintenance, and support services for packaged software applications; and finance, procurement, talent and engagement, and industry-specific business process outsourcing services. Its Technology Services & Cloud Platforms segment provides cloud, project-based, outsourcing, and other managed services for enterprise IT infrastructure environments. International Business Machines Corporation was founded in 1911 and is headquartered in Armonk, New York,

Date	Key Development Headline
2/22/18	Industrial Realty Group, LLC completed the acquisition of the Rochester, Minnesota technology campus of
	International Business Machines Corporation (NYSE:IBM) for \$33.9 million.
2/15/18	IBM and SpaceBelt Collaborate on Innovative Architecture for Secure Cloud Management and Storage in Space
2/11/18	Graph Blockchain Enters into Definitive Agreement to Develop Large Scale Graph Database and Blockchain Solution Prototype in Partnership with IBM









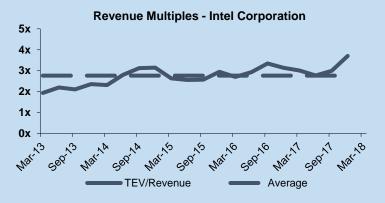
Intel Corporation

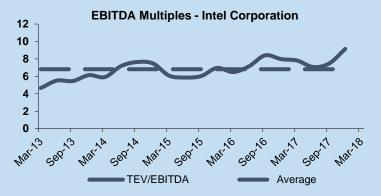
Intel Corporation designs, manufactures, and sells computer, networking, data storage, and communication platforms worldwide. The company operates through Client Computing Group, Data Center Group, Internet of Things Group, Non-Volatile Memory Solutions Group, Programmable Solutions Group, and All Other segments. Its platforms are used in notebooks, desktops, and wireless and wired connectivity products; enterprise, cloud, and communication infrastructure market segments; and retail, automotive, industrial, and various other embedded applications. The company offers microprocessors, and system-on-chip and multichip packaging products. It also provides NAND flash memory products primarily used in solid-state drives; and programmable semiconductors and related products communications, data center, industrial, military, and automotive markets. In addition, the company develops computer vision and machine learning, data analysis, localization, and mapping for advanced driver assistance systems and autonomous driving. It serves original equipment manufacturers, original design manufacturers, industrial and communication equipment manufacturers, and cloud service providers. The company was founded in 1968 and is based in Santa Clara, California.

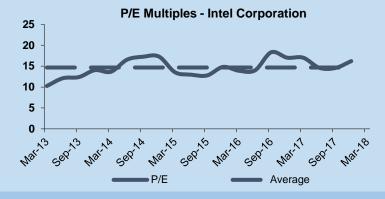
Date	Key Development Headline
3/10/18	Intel Seeks Acquisition

3/10/18 Intel Seeks Acquisition

2/26/18 Nokia, Intel and Verizon Collaborate on New Virtualized
Ran Architectures on Path to Commercialization





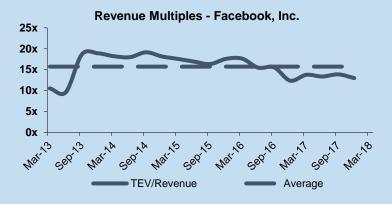


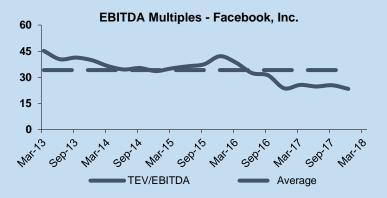


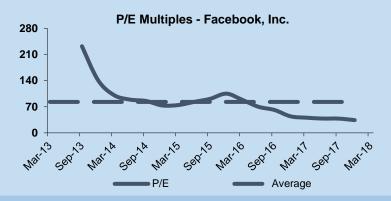
Facebook, Inc.

Facebook, Inc. provides various products to connect and share through mobile devices, personal computers, and other surfaces worldwide. Its products include Facebook Website and mobile application that enables people to connect, share, discover, and communicate with each other on mobile devices and personal computers; Instagram, a community for sharing visual stories through photos, videos, and direct messages; Messenger, a messaging application to communicate with other people, groups, and businesses across various platforms and devices; and WhatsApp, a mobile messaging application. The company also offers Oculus virtual reality technology and content platform, which allows people to enter an immersive and an interactive environment to train, learn, play games, consume content, and connect with others. As of December 31, 2017, it had approximately 1.40 billion daily active users. Facebook, Inc. was founded in 2004 and is headquartered in Menlo Park, California.

Date	Key Development Headline
2/28/18	Facebook Seeks Acquisitions
2/14/18	An unknown buyer acquired unknown stake in Facebook, Inc. (NasdaqGS:FB) from Soros Fund Management LLC.
1/22/18	Facebook, Inc. (NasdaqGS:FB) agreed to acquire Confirm Inc.
10/15/17	Facebook Inc. (NasdaqGS:FB) acquired the tbh mobile application.
9/24/17	Mark Zuckerberg To Sell 35 million to 75 million shares For Charity Efforts





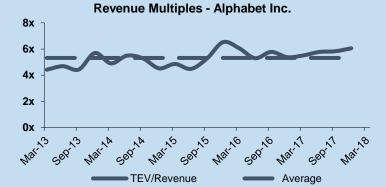


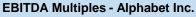


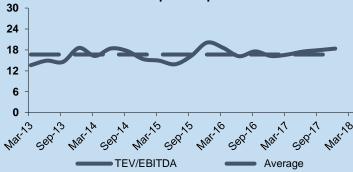
Alphabet Inc.

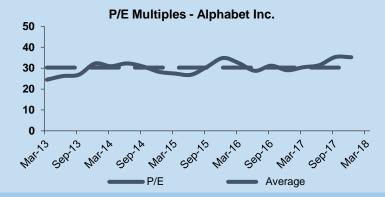
Alphabet Inc., through its subsidiaries, provides online advertising services in the United States and internationally. The company offers performance and brand advertising services. It operates through Google and Other Bets segments. The Google segment includes principal Internet products, such as Ads, Android, Chrome, Commerce, Google Cloud, Google Maps, Google Play, Hardware, Search, and YouTube, as well as technical infrastructure and newer efforts, including Virtual Reality. This segment also offers digital content, enterprise cloud services, and hardware products, as well as other miscellaneous products and services. The Other Bets segment includes businesses, such as Access, Calico, CapitalG, GV, Nest, Verily, Waymo, and X, as well as fiber Internet and Television services. Alphabet Inc. was founded in 1998 and is headquartered in Mountain View, California.

Date	Key Development Headline
3/4/18	The Infatuation Inc. entered into an agreement to acquire
	Zagat Survey, LLC from Alphabet Inc.
	(NasdaqGS:GOOGL).
1/10/18	Alphabet Inc. (NasdaqGS:GOOGL) acquired NVF Tech
	Ltd. from Arie Ventures and others.
1/2/18	Microsoft Azure signed an agreement to acquire Avere
	Systems, Inc. from Menlo Ventures, Norwest Venture
	Partners, Alphabet Inc. (NasdaqGS:GOOGL), Lightspeed
	Venture Partners, Tenaya Capital Inc., Western Digital
	Capital and others.
10/8/17	Alphabet Inc. (NasdaqGS:GOOGL) acquired Relay Media,
	Inc.
9/7/17	Alphabet Seeks Acquisitions







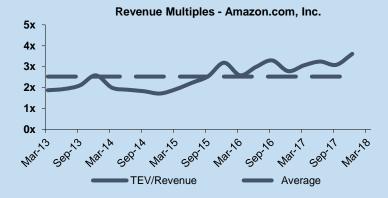


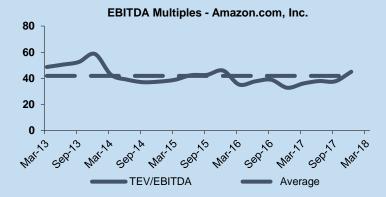


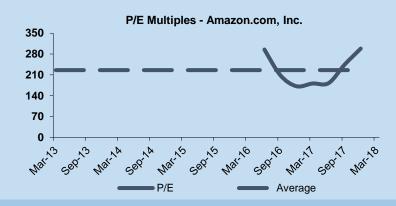
Amazon.com, Inc.

Amazon.com, Inc. engages in the retail sale of consumer products and subscriptions in North America and internationally. The company operates through three segments: North America, International, and Amazon Web Services (AWS) segments. It sells merchandise and content purchased for resale from vendors, as well as those offered by third-party sellers through physical stores and retail Websites, such as amazon.com, amazon.ca, amazon.com.mx, amazon.com.au, amazon.com.br, amazon.cn, amazon.fr, amazon.de, amazon.in, amazon.it, amazon.co.jp, amazon.nl, amazon.es, and amazon.co.uk. The company also manufactures and sells electronic devices, including kindle e-readers, fire tablets, fire TVs, and echo devices; and provides Kindle Direct Publishing, an online service that allows independent authors and publishers to make their books available in the Kindle Store. The company was founded in 1994 and is headquartered in Seattle, Washington.

Date	Key Development Headline
2/26/18	Amazon.com, Inc. acquired Ring Inc.
1/7/18	Viacom, Inc. (NasdaqGS:VIAB) signed a definitive
	agreement to acquire WhoSay Inc. from Comcast
	Ventures, Primary Venture Partners, Tencent Holdings Ltd.,
	Investment Arm, Amazon.com, Inc. (NasdaqGS:AMZN),
	Greylock Partners, CAA Ventures and others.
12/20/17	Amazon.com, Inc. (NasdaqGS:AMZN) acquired Immedia
	Semiconductor, Inc. from Flybridge Capital Partners,
	Comcast Ventures, Easerich Industrial Limited, Baker
	Capital, Dot Capital Corp.
11/12/17	Amazon.com, Inc. (NasdaqGS:AMZN) acquired the global
	television rights to The Lord of the Rings.
10/25/17	Amazon.com, Inc. Mulls Acquisition In Prescription
	Dispensing Field





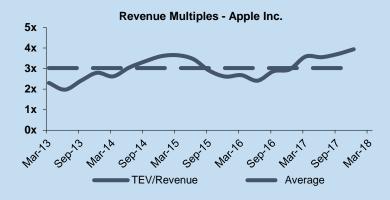


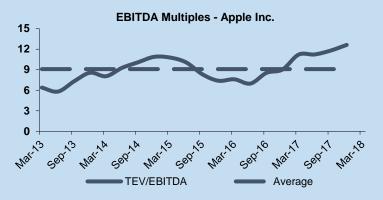


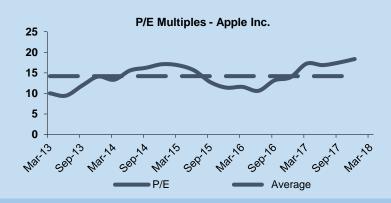
Apple Inc.

Apple Inc. designs, manufactures, and markets mobile communication and media devices, and personal computers to consumers, and small and mid-sized businesses; and education, enterprise, and government customers worldwide. The company also sells related software, services, accessories, networking solutions, and third-party digital content and applications. It offers iPhone, a line of smartphones; iPad, a line of multi-purpose tablets; and Mac, a line of desktop and portable personal computers, as well as operating systems comprising iOS, macOS, watchOS, and tvOS. The company also provides iWork, an integrated productivity suite that helps users create, present, and publish documents, presentations, and spreadsheets; and other application software, such as Final Cut Pro, Logic Pro X, and FileMaker Pro. In addition, it offers Apple TV that connects to consumers' TV and enables them to access digital content directly for streaming high definition video, playing music and games, and viewing photos; Apple Watch, a personal electronic device; and iPod touch, a flash memorybased digital music and media player. Apple Inc. was founded in 1977 and is headquartered in Cupertino, California.

Date	Key Development Headline
3/11/18	Apple Inc. (NasdaqGS:AAPL) signed an agreement to acquire Next Issue Media LLC from a group of shareholders.
1/1/18	Apple Inc. (NasdaqGS:AAPL) acquired buddybuild.
12/10/17	Apple Inc. (NasdaqGS:AAPL) agreed to acquire Shazam Entertainment Limited from a group of investors.
11/8/17	Apple Inc. (NasdaqGS:AAPL) acquired InVisage Technologies, Inc.
11/7/17	Apple Seeks Acquisitions









CONTACT INFORMATION

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